

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
140 N. 8th Street, Suite 290, Lincoln, Nebraska
MINUTES

July 8-9, 2002

1. General

A. Call to Order and Roll Call. The Board of Public Accountancy was called to order at 10:15 a.m. on Monday, July 8, 2002 with Chair Nina B. Kavich presiding. The roll was called with the following members present: Nina Kavich, William Gaines, Michelle Thornburg, Dean Graf, William Nuckolls, Roger Thompson and Kathleen Smith. Terry Ellinger was absent. Also present was Executive Director, Annette Harmon. The meeting was held at the Board's office, 140 N. 8th Street, Suite 290, Lincoln, Nebraska.

B. Approval of meeting agenda for July 8-9, 2002. Moved by Nuckolls, seconded by Gaines, to approve the agenda for the July 8-9, 2002 meeting as published. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 1 carried.

C. Approval of the minutes of the May 3, 2002 Board meeting. Moved by Smith, seconded by Thompson, to approve the minutes as written. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 2 carried.

2. Public Comment Period

Time was allowed on the agenda for members of the public to address the Board with comments. There were no members of the public present.

3. Consent Agenda

Approval of Consent Agenda by Roll Call Vote. Moved by Smith, seconded by Thompson, to approve the Consent Agenda. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 3 carried.

A. Published Notice of Meeting. Pursuant to call and published notice, the notice of meeting is herewith attached.

B. Approval of April and May 2002 disbursements. The Board reviewed and approved the April and May 2002 disbursements.

C. Review of Board Budget Status Report. The Board reviewed the May 31, 2002 Budget Status Report.

D. Requests for Acceptance of Surrendered Certificates and Approval of Inactive-Retired Classification. Motion to accept the surrender of the following CPA Certificates: Charissa Dickmeyer (6180), H.G. Frost, Jr. (1202), Melinda Greer (4133), Darla Houser (4989), Barry Nimmo (2475), Eugene O'Rourke (5360), Neil Phillips (6734), Alan Sadofsky (3109), Shane Van Veldhuizen (6814), and Sheila Young (3361); and to approve the classification of Inactive-Retired for the following individuals: Robert Clelland (800), Harold De Jager (726), Kenneth Falk (839), John Frenking (732), Paul Guszak (1019), Mark Jeter (3077), Larry Holst (624), David Kroeker (1055),

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Corwin Moore (106), Thomas Pleiss (766), John Scheffler (714), William Seim (738), James Smith (477), Robert Timmins (832), John Wade (665), Gary Wieck (799), Jerry Wiggle (5881), Lynes Wobken (587), and Gary Yocum (1192).

E. Office Management Report. The Board reviewed a report on permits and registrations issued for the period of July 1, 2002. Prior year's statistics were also reviewed for comparison.

CLOSED MEETING

Closed Meeting. Moved by Smith, seconded by Gaines, that the Board go into closed session at 10:35 a.m. for the purpose of enforcement, litigation and personnel issues. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 4 carried.

Return to Open Meeting. Moved by Smith, seconded by Thornburg, that the Board return to open session at 10:58 a.m. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 5 carried.

4. Report of Enforcement of Professional Conduct Committee

A. Determination of Probable Cause or Lack of Probable Cause. Moved by Smith, with the Committee's recommendation, to close the following complaints for lack of probable cause: #9900-017 and #0102-012. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 6 carried.

B. Hearing for Reinstatement of Revoked CPA Certificate. A formal hearing was held for Laurie A. Kershner on the reinstatement of a revoked certificate for nonpayment of fees, with Nina B. Kavich acting as Hearing Officer. Ms. Kershner was not present nor was she represented by Legal Counsel. Hearing and participating in this decision were Nina Kavich, William Gaines, Michelle Thornburg, Dean Graf, William Nuckolls, Roger Thompson and Kathleen Smith. Moved by Smith, seconded by Graf, to reinstate the CPA certificate #2715 for Laurie Kershner. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 7 carried.

5. Report of Examination & Licensing Committee

A. Ratification of initial permits to practice issued; certificates issued. Moved by Graf, with the Committee's recommendation, to ratify the initial permits to practice and certificates issued by examination and reciprocity. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 8 carried.

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B. Application(s) for Reinstatement to Active Permit. Moved by Graf, with the Committee's recommendation, to approve the applications for Reinstatement to Active Permit. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 9 carried.

C. Approval of Grades for May 2002 CPA Examination. Moved by Graf, with the Committee's recommendation, to ratify the grades for the May 2002 CPA Examination upon the completion of the staff's audit of procedures. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 10 carried.

6. Report of Continuing Education Committee

A. Ratification of staff program evaluations since last meeting. Moved by Gaines, with the Committee's recommendation, to approve the 77 courses that have been evaluated and approved by the staff since the last meeting, and to disallow the 6 courses that were evaluated by the committee. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 11 carried.

B. Review of NASBA/AICPA Revised CPE Standards. Committee Chair Gaines reported the Committee's concurrence with staff's recommendations for items 1-7. There is nothing radical or extreme in the content; it is an informational item for the Board. Gaines also reported on the staff's continuing work on a Committee notebook, including flowcharts, timelines and form letters for the operation of the Committee. The next Board meeting the Committee will finalize the changes to the *CPE Guidelines* for the Board's approval prior to distribution in November/December.

7. Report of Educational Advisory Committee Chair

A. Review of Policies and Procedures. Committee Chair, Michelle Thornburg, reported that the Committee of Board members had met in the morning but had not completed their meeting and will finish later. The Committee is working on flowcharts, policies and procedures, and trying to move more work to the staff level and making the Committee the final reviewer on courses that are denied. The Board discussed issues of reciprocity and perhaps less specificity in the rules regarding subject matter in future Rule drafts. It was noted that the Board's intent in the rewrite legislative draft was that passage of the exam would not be taken away from a reciprocal candidate but he/she would have to meet the 150-hour requirement.

8. Report of the QEP Committee Chair

A. Report on the 2002 Review. Committee Chair, Michelle Thornburg, reviewed the Report of numbers concerning the QEP review for this year, and announced that the review process was

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starting this week. The numbers are less than last year's because of the cyclical process - this is the low year in the three-year cycle. The Committee will meet on August 27 to review the reports and the results, and then make recommendations to the board at the September meeting. The Board discussed the use of volunteers, and yellow book requirements for a peer review. Chair Thornburg reported that we are trying to make sure that volunteers use authoritative citations and eliminate personal preference items, and that there are consistent comments on the use of treasury stock.

9. Report of the Executive Director

A. Technology Report. The Executive Director reported on her process of collecting bids for the on-line licensing project, including the application for a grant of up to \$25,000 from the State Records Board. The grant application deadlines are July 1 and October 1, for what we want and how much. There are a number of documents that could be put on-line for submission by licensees. This would eliminate some staff time in data entry, and eliminate errors in data entry. The Board determined that they would make a policy decision after they received more information and management's recommendation, because it has ramifications for the current and future budgets. That recommendation will need to come forward at the September meeting in order to meet the October 1 deadline for the grant. Credit card fees will have big impact on us - 2 to 2.5% off the top of each fee. The need to purchase and upgrade hardware was discussed, as well as the possible need for staff training on the system. The completed information and management's recommendation will be provided to Board members by August 26, 2002.

The Executive Director also reported on the availability through NebraskaOnline (NOL) to put some of our forms and documents on-line in an "editable pdf" format. This format would allow the licensee to type the information into the form on-line and then either submit it electronically or print it out and submit it by mail. This change can be made immediately for at least 10 forms. There is no cost to the Board to implement editable pdf documents, except for staff time in working with NOL, and they can be changed whenever there are changes.

The staff will also work on developing a "Board Members Only" site on our web page, for members to access Committee reports, meeting agendas and information, and other information. The Board's major disciplinary actions will be added to NASBA's EIX (Enforcement Information Exchange) system. Also, staff will be attending training classes by December 31, 2002 in Excel spreadsheets, Access databases, PowerPoint, Word and Internet research. Other courses will be added to the training schedule as needed by each of these projects.

10. New Business

A. Future Meeting Dates. The Board will next meet on September 9-10, 2002 (at UN-Kearney, West Campus, West Center) starting at 10 a.m. on the 9th, and November 14-15, 2002 in Lincoln. Member Smith will send a map, directions and instructions for parking for the Kearney meeting.

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B. NASBA Items. 1. Attendance at the Annual Meeting. Moved by Smith, seconded by Gaines, to approve attendance at the NASBA Annual Meeting for Board Members (that are currently named to the Board and still serving) and the Executive Director to fly in on Sunday, October 6 and fly home on Wednesday, October 9; unless the cost of a Saturday night stay would result in savings more than the hotel room cost and meals for the extra day. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 12 carried.

2. Bylaws items. The Chair discussed the idea of changing the bylaws to give Boards proxy votes when they cannot attend the meeting to vote. This would allow a state to designate someone to vote on their behalf at a meeting, especially if they could not attend. Moved by Gaines, seconded by Nuckolls, to put forth a modification to the bylaws to allow a state to designate a voting representative (other than from their own state) to vote in their absence. On roll call vote, all members present voted aye, except Member Thompson who abstained. Member Ellinger was absent. Motion number 13 carried.

C. Auditor's Survey. The Board discussed the letter and survey received from the Auditor of Public Accounts regarding on-line filing of budgeted and actual financial information by political subdivisions. After discussion, the Board determined that they did not see any problems with it from a regulatory aspect or anything that falls under the Board's jurisdiction. The Executive Director will respond with a letter under her signature.

CLOSED MEETING

Closed Meeting. Moved by Smith, seconded by Gaines, that the Board go into closed session at 2:27 p.m. for the purpose of personnel issues. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 14 carried.

Return to Open Meeting. Moved by Smith, seconded by Gaines, that the Board return to open session at 5:54 p.m. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 15 carried.

11. Report of the Chair

C. Results of Performance Card Survey. This item will be postponed until the September meeting.

B. Ratification of the Evaluation of the Executive Director. The Chair indicated that the evaluation form, the Executive Director's letter and the cover letter would be forwarded to the

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Department of Personnel later this week. A revised evaluation form with a few modifications will be discussed between the Chair and the Executive Director.

A. Proposed Legislative Rewrite. The Board discussed the final draft of the proposed changes to the Public Accountancy Act, and determined a final timeline. The draft will be forwarded to the Nebraska Society of CPAs and other interested parties for feedback. Two or three members will give a PowerPoint presentation (bullet points) to the Society's Board of Directors at their next meeting on August 30. Nina Kavich, Bill Gaines and Michelle Thornburg volunteered to give a 15-minute presentation and allow 10-15 minutes for questions.

D. Approval of the Biennium Budget Request. The Board reviewed the draft of the biennium budget request for the fiscal years 2003-2005. Chair Kavich presented the financials for the year-end June 30, 2002. The final budget submission will be approved at the September meeting.

E. Report of the Vision Subcommittee. The Vision Subcommittee of Nina Kavich, Bill Gaines, Michelle Thornburg and Dean Graf reported on their meeting on June 20, 2002, and their discussion of various aspects of Board members' roles, the Executive Director's role, structure of committees, and future board functions (by committee). This was the first step, to gather the thoughts, and is a work in process. Parts of it will probably come up at every board meeting, as far as which issues surface as priorities. They cannot all be addressed immediately. It will not be put into a "strategic planning document," but will serve as an over-all framework. Each committee will want to spend some time thinking about it and discussing it at their next committee meeting.

12. Adjournment

It was moved by Smith, seconded by Gaines, that the Board adjourn at 7:07 p.m. On roll call vote, all members present voted aye. Member Ellinger was absent. Motion number 16 carried.

Submitted by,

Michelle R. Thornburg, CPA
Secretary